

Senate File 2047 - Introduced

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BY CHELGREN

A BILL FOR

1 An Act allowing consignment sales of used motor homes and
2 travel trailers, and providing penalties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.48, subsection 3, Code 2018, is
2 amended to read as follows:

3 3. Notwithstanding **subsections 1 and 2**, requirements
4 in those subsections for obtaining title to a vehicle or
5 acknowledging assignment and warranty of title do not apply
6 to a dealer who sells a motor vehicle to a purchaser in a
7 consignment transaction authorized under section 322.7B
8 or 322.7C, or to a dealer who sells a travel trailer to a
9 purchaser in a consignment transaction authorized under section
10 322C.13.

11 Sec. 2. NEW SECTION. **322.7C Consignment sales of motor**
12 **homes.**

13 A licensed motor vehicle dealer may sell a motor home as
14 defined in section 321.1 that is a used motor vehicle on a
15 consignment basis if all of the following conditions apply:

16 1. The dealer is licensed to sell used motor vehicles.

17 2. The dealer prominently displays the words "consignment
18 vehicle" on the motor home and indicates clearly in the sales
19 documentation that the motor home is a consignment vehicle.
20 The dealer shall put customers on notice that the dealer does
21 not have title to the motor home and does not warranty the
22 title.

23 3. The dealer assumes no liability for damages resulting
24 from a customer's test drive of the motor home, and the
25 consignor maintains financial liability coverage as required
26 under section 321.20B for the motor home throughout the term
27 of the consignment.

28 4. The consignor provides the dealer with a damage
29 disclosure statement meeting the requirements of section 321.69
30 and an odometer statement meeting the requirements of section
31 321.71, which the dealer shall make available upon request to
32 a customer. For purposes of section 321.69 and 321.71, the
33 consignor, not the dealer, shall be deemed to be the transferor
34 or seller of the motor home.

35 Sec. 3. Section 322.9, subsection 2, Code 2018, is amended

1 to read as follows:

2 2. The department may revoke or suspend the license of a
3 retail motor vehicle dealer if, after notice and hearing by
4 the department of inspections and appeals, it finds that the
5 licensee has been convicted or has forfeited bail on three
6 charges of:

7 a. Failing upon the sale or transfer of a vehicle, except
8 upon the sale of a vehicle under [section 322.7B](#) or [322.7C](#), to
9 deliver to the purchaser or transferee of the vehicle sold or
10 transferred, a manufacturer's or importer's certificate, or a
11 certificate of title duly assigned, as provided in [chapter 321](#).

12 b. Failing upon the purchasing or otherwise acquiring of a
13 vehicle, except a vehicle acquired on consignment under section
14 [322.7B](#) or [322.7C](#), to obtain a manufacturer's or importer's
15 certificate, or a certificate of title duly assigned as
16 provided in [chapter 321](#).

17 c. Failing upon the purchasing or otherwise acquiring of a
18 vehicle, except a vehicle acquired on consignment under section
19 [322.7B](#) or [322.7C](#), to obtain a new certificate of title to such
20 vehicle when and where required in [chapter 321](#).

21 Sec. 4. NEW SECTION. 322C.13 Consignment sales of travel
22 trailers.

23 A licensed travel trailer dealer may sell a used travel
24 trailer on a consignment basis if all of the following
25 conditions apply:

26 1. The dealer is licensed to sell used travel trailers.

27 2. The dealer prominently displays the words "consignment
28 vehicle" on the travel trailer and indicates clearly in the
29 sales documentation that the travel trailer is a consignment
30 vehicle. The dealer shall put customers on notice that the
31 dealer does not have title to the travel trailer and does not
32 warranty the title.

33 3. The dealer assumes no liability for damages resulting
34 from a customer's test drive of a motor vehicle towing the
35 travel trailer.

1 home and does not warranty the title, the dealer assumes
2 no liability for damages resulting from a customer's test
3 drive of the motor home, the consignor maintains financial
4 liability coverage for the motor home throughout the term of
5 the consignment, and the consignor provides the dealer with a
6 damage disclosure statement and an odometer statement for the
7 motor home, which the dealer must make available upon request
8 to a customer. The bill provides that for purposes of Code
9 section 321.69 (damage disclosure statement) and Code section
10 321.71 (odometer requirements), the consignor, not the dealer,
11 shall be deemed the transferor or seller of the motor home.

12 The bill allows a licensed travel trailer dealer to sell a
13 used travel trailer on a consignment basis if the dealer is
14 licensed to sell used travel trailers, the dealer prominently
15 displays the words "consignment vehicle" on the travel trailer
16 and indicates clearly in the sales documentation that the
17 travel trailer is a consignment vehicle, the dealer puts
18 customers on notice that the dealer does not have title to the
19 travel trailer and does not warranty the title, the dealer
20 assumes no liability for damages resulting from a customer's
21 test drive of a motor vehicle towing the travel trailer, and
22 the consignor provides the dealer with a damage disclosure
23 statement for the travel trailer, which the dealer shall make
24 available upon request to a customer.

25 The bill requires travel trailer damage disclosure
26 statements to, at a minimum, state whether the consignor
27 knows if the travel trailer was titled as a salvage, rebuilt,
28 or flood vehicle in this or any other state, as applicable,
29 prior to the consignor's ownership of the vehicle and, if
30 not, whether the consignor knows if the travel trailer was
31 damaged to the extent that, were the travel trailer a motor
32 vehicle, it would be a wrecked or salvage vehicle as defined
33 in Code section 321.52 during or prior to the consignor's
34 ownership of the travel trailer. The bill provides that damage
35 disclosure statement forms shall be approved by the department

1 of transportation (DOT). The bill requires the consignor to
2 maintain a copy of the damage disclosure statement for five
3 years following the date of the statement, which copy must be
4 made available to the DOT or the attorney general upon request.

5 Under current law, Code section 321.69 provides that
6 a person who knowingly makes a false motor vehicle damage
7 disclosure statement or fails to make a required motor
8 vehicle damage disclosure statement commits a fraudulent
9 practice punishable by certain criminal penalties under
10 Code sections 714.9 through 714.13. Failure of a person,
11 vehicle recycler, or vehicle dealer to comply with any duty
12 imposed by Code section 321.69 constitutes a violation of
13 Code section 714.16(2)(a) (consumer frauds), which is subject
14 to civil remedies and penalties. The bill provides that a
15 consignor who knowingly makes a false travel trailer damage
16 disclosure statement or fails to make a travel trailer damage
17 disclosure statement required by the bill commits a fraudulent
18 practice punishable by criminal penalties under Code sections
19 714.9 through 714.13. The bill also provides that failure
20 of a consignor to comply with any duty imposed by new Code
21 section 322C.13(4) constitutes a violation of Code section
22 714.16(2)(a), which is subject to civil remedies and penalties.
23 In addition, the bill provides that a person who commits the
24 violation may be subject to a private cause of action under
25 Code chapter 714H (consumer fraud — private actions).

26 The bill excludes dealers selling motor homes or travel
27 trailers on a consignment basis from various requirements
28 for obtaining a title or a manufacturer's or importer's
29 certificate, or acknowledging assignment and warranty of title.